



STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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Department Blocks Women's Health Club Chain from Selling Illegal Franchises; Rejects its Application due to Applicant's Hidden Criminal Record

Health Club Applicant with History of Telemarketing and Financial Fraud Convictions Tried to Push Illegal Franchise Investments for Chain of Women's Fitness Centers in California

SACRAMENTO --- The Department of Corporations ordered the directors of a women's fitness center operating in Southern California to stop illegally offering to sell club franchises that were never approved by the Department of Corporations as required by law, the Department announced today.

An investigation headed by Department counsel Karen Patterson revealed that since February 2004, Why Weight Women's Total Fitness, Inc. offered franchises to numerous California residents even though the offer of the franchises had not been registered with the Department, as required under the California Franchise Investment Law. The Department issued a Desist and Refrain Order on June 18, 2004 demanding that the club directors immediately stop offering the illegal franchises in California. The Department is aware of at least 17 investors who have purchased Why Weight franchises since October 2004 in at least eleven other states, including Idaho, Georgia, North Carolina, New Jersey, New Mexico, Texas, Colorado, Nevada, North Carolina, Michigan, and Ohio.

Additionally, the Department rejected entirely the franchise registration application from the club founders after discovering that one principal, Matthew Craig Rubin, failed to disclose his criminal record – a 1994 US Central District Court conviction on five felony counts of mail fraud and a 2002 judgement liability from the same court ordering Rubin to pay \$16.5 million in restitution for victims in a separate telemarketing scheme. Ivan Bondy, the other principal named on the application, also failed to disclose a 1997 bankruptcy.

"This pair has a reputation for trying to mislead and lure the public into shady investment schemes," said Corporations Commissioner William P. Wood. "They have lost their right to engage in this type of business. The Department's action in this matter will stop their illegal activity and will also send a strong alert to investors."

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).